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MEMORANDUM¹

TO: Statutory Revision Committee

FROM: Sarah Lozano, Office of Legislative Legal Services

DATE: February 19, 2021

SUBJECT: Repeal of an enterprise zone child care tax credit applicable to tax years prior to 1999

Summary

Section 39-30-103.5 (2), C.R.S., allows a taxpayer who makes a contribution to promote child care in an enterprise zone to claim a state tax credit for a percentage of their contribution. However, this credit is only applicable to tax years prior to 1999, and there is currently an applicable statewide tax credit for contributions to promote child care in section 39-22-121 (1.5), C.R.S. Therefore, section 39-30-103.5 (2), C.R.S., should be repealed. The Department of Revenue and the Office of Legislative Legal Services identified this outdated provision.

¹ This legal memorandum was prepared by the Office of Legislative Legal Services (OLLS) in the course of its statutory duty to provide staff assistance to the Statutory Revision Committee (SRC). It does not represent an official legal position of the OLLS, SRC, General Assembly, or the state of Colorado, and is not binding on the members of the SRC. This memorandum is intended for use in the legislative process and as information to assist the SRC in the performance of its legislative duties.

Analysis

The applicable credit is codified in section 39-30-103.5 (2), C.R.S. This credit should be repealed because it only applies to the 1999 income tax year and there is another applicable statewide credit currently in effect for contributions to promote child care.

39-30-103.5. Credit against tax – contributions to enterprise zone administrators to implement economic development plans. (2) (a) For income tax years commencing prior to January 1, 1999, monetary or in-kind contributions to promote child care in enterprise zones shall be deemed to be for the purpose of implementing the economic development plan for the enterprise zone and shall include but shall not be limited to the following types of contributions:

(I) Donating money, real estate, or property to the enterprise zone for the establishment of a child care facility;

(II) Donating money to the enterprise zone to establish a grant or loan program for a parent or parents requiring financial assistance for child care;

(III) Pooling moneys of several businesses and donating such moneys to the enterprise zone for the establishment of a child care facility;

(IV) Donating money to the enterprise zone for the training of child care providers; and

(V) Donating money, services, or equipment to the enterprise zone for the establishment of an information dissemination program to provide information and referral services to assist a parent or parents in obtaining child care.

(b) Notwithstanding any other provision to the contrary, nothing in this subsection (2) shall be construed to limit the ability of a taxpayer to claim a credit under this subsection (2) for contributions made on or after January 1, 1999, pursuant to the terms of an agreement entered into prior to such date between the taxpayer and an enterprise zone administrator.

Statutory Charge²

The Statutory Revision Committee (SRC) is tasked with discovering "defects and anachronisms in the law" and recommending legislation "to effect such changes in the

² The Statutory Revision Committee is charged with "[making] an ongoing examination of the statutes of the state and current judicial decisions for the purpose of discovering defects and anachronisms in the law and recommending needed reforms" and recommending "legislation annually to effect such changes

law as it deems necessary in order to modify or eliminate antiquated, redundant, or contradictory rules of law." The repeal of section 39-30-103.5 (2), C.R.S., fits within the SRC's charge because the revisions would repeal a credit that is no longer in effect and eliminate a redundancy within the C.R.S.

Proposed Bill

The attached bill repeals section 39-30-103.5 (2), C.R.S.

in the law as it deems necessary in order to modify or eliminate antiquated, redundant, or contradictory rules of law and to bring the law of this state into harmony with modern conditions." § 2-3-902 (1), C.R.S. In addition, the SRC "shall propose legislation only to streamline, reduce, or repeal provisions of the Colorado Revised Statutes." § 2-3-902 (3), C.R.S.

First Regular Session
Seventy-third General Assembly
STATE OF COLORADO

DRAFT
2.10.21

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LLS NO. 21-0725.01 Sarah Lozano x3858

COMMITTEE BILL

Statutory Revision Committee

BILL TOPIC: "Enter Zone Child Care Income Tax Credit"

DEADLINES: File by: 2/25/2021

A BILL FOR AN ACT

101 **CONCERNING THE REPEAL OF THE ENTERPRISE ZONE CHILD CARE**
102 **CONTRIBUTIONS INCOME TAX CREDIT FOR INCOME TAX YEARS**
103 **COMMENCING PRIOR TO JANUARY 1, 1999.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Statutory Revision Committee. The bill repeals the enterprise zone child care contributions income tax credit that was available for income tax years commencing prior to January 1, 1999.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 39-30-103.5, **repeal**
3 (2) as follows:

4 **39-30-103.5. Credit against tax - contributions to enterprise**
5 **zone administrators to implement economic development plans.**

6 ~~(2) (a) For income tax years commencing prior to January 1, 1999,~~
7 ~~monetary or in-kind contributions to promote child care in enterprise~~
8 ~~zones shall be deemed to be for the purpose of implementing the~~
9 ~~economic development plan for the enterprise zone and shall include but~~
10 ~~shall not be limited to the following types of contributions:~~

11 ~~(I) Donating money, real estate, or property to the enterprise zone~~
12 ~~for the establishment of a child care facility;~~

13 ~~(II) Donating money to the enterprise zone to establish a grant or~~
14 ~~loan program for a parent or parents requiring financial assistance for~~
15 ~~child care;~~

16 ~~(III) Pooling moneys of several businesses and donating such~~
17 ~~moneys to the enterprise zone for the establishment of a child care~~
18 ~~facility;~~

19 ~~(IV) Donating money to the enterprise zone for the training of~~
20 ~~child care providers; and~~

21 ~~(V) Donating money, services, or equipment to the enterprise zone~~
22 ~~for the establishment of an information dissemination program to provide~~
23 ~~information and referral services to assist a parent or parents in obtaining~~
24 ~~child care.~~

25 ~~(b) Notwithstanding any other provision to the contrary, nothing~~
26 ~~in this subsection (2) shall be construed to limit the ability of a taxpayer~~
27 ~~to claim a credit under this subsection (2) for contributions made on or~~

1 ~~after January 1, 1999, pursuant to the terms of an agreement entered into~~
2 ~~prior to such date between the taxpayer and an enterprise zone~~
3 ~~administrator.~~

4 **SECTION 2. Act subject to petition - effective date.** This act
5 takes effect at 12:01 a.m. on the day following the expiration of the
6 ninety-day period after final adjournment of the general assembly; except
7 that, if a referendum petition is filed pursuant to section 1 (3) of article V
8 of the state constitution against this act or an item, section, or part of this
9 act within such period, then the act, item, section, or part will not take
10 effect unless approved by the people at the general election to be held in
11 November 2022 and, in such case, will take effect on the date of the
12 official declaration of the vote thereon by the governor.